

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01 L-02 H-02

PA-01 PRS-01 /092 W

----- 054924

O 071731Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 9163

INFO AMEMBASSY SANTIAGO IMMEDIATE

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DEPARTMENT REPEAT OTHER POSTS AS DESIRED

E.O. 11652: N/A

TAGS: EFIN, CI, FR

SUBJECT: CHILE DEBT RESCHEDULING

1. FOLLOWING ENGLISH TRANSLATION PREPARED BY FRENCH FINANCE MINISTRY OF UNDERSTANDING REACHED ON MAY 6 AMONG GERMANY, CANADA, SPAIN, U.S., FRANCE, JAPAN AND SWITZERLAND ON APPROPRIATE 1975 RESCHEDULING TERMS. FINANCE MINISTRY HAS PROVIDED US WITH ADVANCE COPY BUT WAS RELUCTANT TO RELEASE WITHOUT FINAL O.K. FROM NEBOT, WHO IS TIED UP IN PAKISTAN MEETING TODAY. SEPTEL WILL FOLLOW AS SOON AS TEXT CONFIRMED, WITH ANY FINAL CHANGES MADE.

2. FOR SANTIAGO - PLEASE DO NOT DISCUSS TEXT WITH CHILEANS UNTIL YOU RECEIVE WORD OF GOF CONFIRMATION.

3. BEGIN TEXT.

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THE REPRESENTATIVES OF THE GOVERNMENTS OF THE FEDERAL REPUBLIC OF GERMANY, CANADA, SPAIN, UNITED STATES, FRANCE, JAPAN AND SWITZERLAND MET IN PARIS ON MAY 6, 1975 TO EXAMINE THE PROBLEM OF THE FOREIGN DEBT OF CHILE. REPRESENTATIVES OF THE INTERNATIONAL MONETARY FUND ATTENDED THIS MEETING.

THE REPRESENTATIVES OF THE INTERNATIONAL MONETARY FUND OBSERVED THAT SERVICING FOREIGN DEBT BY CHILE TO COUNTRIES REPRESENTED AT THIS MEETING WOULD, IN 1975, AMOUNT TO ALMOST ONE-THIRD OF THE TOTAL EXPORTS FORECAST AT PRESENT AND TOTAL SETTLEMENT OF THE DEBTS IN QUESTION THEREFORE SEEMS OUT OF QUESTION FOR THE PRESENT FISCAL YEAR.

THE DELEGATES OF COUNTRIES REPRESENTED TOOK NOTE OF THE TERMS OF THE ECONOMIC AND FINANCIAL PROGRAM AS PREVIOUSLY AGREED UPON BETWEEN THE GOVERNMENT OF CHILE AND THE INTERNATIONAL MONETARY FUND, WHICH INVOLVES PRECISE UNDERTAKINGS BOTH AS TO THE STRENGTHENING OF CHILE'S INTERNAL FINANCES AND AS TO THE CONTROL OF ITS EXTERNAL DEBT, AND TO THE RETURN TO A POLICY OF FLEXIBLE, UNIFIED AND REALISTIC EXCHANGE RATES.

AFTER CONSIDERING THE BALANCE OF PAYMENTS SITUATION OF CHILE AS REVIEWED BY REPRESENTATIVES OF THE IMF, THE DELEGATES OF THE COUNTRIES REPRESENTED CONCLUDED THAT A RESCHEDULING OF MATURITIES DUE IN 1975 WAS JUSTIFIED ON THE FOLLOWING TERMS:

- MATURITIES TO BE RESCHEDULED WOULD BE THOSE DUE IN 1975 AND NOT PREVIOUSLY RENEGOTIATED.

THIS CONCERN:

A - COMMERCIAL CREDITS GUARANTEED BY APPROPRIATE AGENCIES OR GOVERNMENTS OF PARTICIPATING COUNTRIES PURSUANT TO CONTRACTS ENTERED INTO ON OR BEFORE DECEMBER 31, 1973 UNDER WHICH PAYMENTS

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ARE DUE OVER A PERIOD OF MORE THAN ONE YEAR.

B - LOANS BY GOVERNMENTS OR GOVERNMENT AGENCIES CONCLUDED ON OR BEFORE 31 DECEMBER 1973 FOR WHICH THE REPAYMENT PERIOD IS LESS THAN 40 YEARS BUT EXCLUDING LOANS GRANTED IN CONNECTION WITH A PREVIOUS

DEBT CONSOLIDATION.

- 30 PERCENT OF SUCH MATURITIES WOULD BE DUE IN THE AMOUNT OF 10 PERCENT IN 1975, 10 PERCENT IN 1976, AND 10 PERCENT IN 1977.

- THE REMAINING 70 PERCENT WOULD BE PAID IN 13 EQUAL

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SEMI-ANNUAL INSTALLMENTS BEGINNING JANUARY 1, 1978.

THE COUNTRIES REPRESENTED ASSUME THAT THE GOVERNMENT OF CHILE WILL ACCORD TO EACH OF THEM TREATMENT NO LESS FAVORABLE THAN THAT WHICH MAY BE ACCORDED TO ANY OTHER CREDITOR COUNTRY FOR THE CONSOLIDATION OF DEBTS OF COMPARABLE TERMS. LATIN AMERICAN COUNTRIES AND OTHER COUNTRIES NOT REPRESENTED AT THE PRESENT MEETING ARE NOT EXCLUDED FROM THE APPLICATION OF THIS PROVI-

SION. THIS PROVISION DOES NOT APPLY TO COUNTRIES WHOSE CLAIMS IN RESPECT OF PRINCIPAL AND INTEREST PAYABLE DURING THE PERIOD FOR WHICH DEBT RELIEF IS GRANTED ARE LESS THAN SDR 1 MILLION.

THE DELEGATIONS OF THE COUNTRIES REPRESENTED WILL REPORT TO THEIR AUTHORITIES AND RECOMMEND TO THEM THAT BILATERAL AGREEMENTS BE CONCLUDED ON THESE BASES AT DATES TO BE DETERMINED BY EACH COUNTRY.

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IN ACCORDANCE WITH PARAGRAPH 5 OF THE AGREED MINUTE OF MAY 6, THE CHAIRMAN OF THE PRESENT MEETING WILL INFORM THE CHILEAN AUTHORITIES OF ITS CONCLUSIONS AND OF THE RESULT OF ITS DISCUSSIONS INCLUDING ON THE PROBLEM OF HUMAN RIGHTS ALREADY BEING DEALT WITH IN THE COMPETENT COMMISSION OF THE UNITED NATIONS.

THE CHAIRMAN OF THE PRESENT MEETING WILL CONTINUE TO KEEP THE COUNTRIES REPRESENTED INFORMED OF HIS CONVERSATIONS.

END TEXT.

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Message Attributes

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TAGS: EFIN, CI, FR
To: STATE
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